

Performance Overview

In 3Q22, we had THB 29,359.0 million in total revenue, increasing 3.1% YoY and 5.0% QoQ. Revenue from **NR products**, which accounted for 89.3% of total revenue, was THB 26,205.8 million, growing 47.9% YoY and 17.2% QoQ on the back of the ASP that increased 15.1% YoY and 3.4% QoQ from futures contracts that were agreed upon before NR prices started trending down as well as the depreciation of THB. Sales volume also rose 28.5% YoY and 13.4% QoQ to 400,131 tons, the 9th consecutive quarterly growth. Utilization rate in 3Q22 stood at 70% and gross profit margin for NR products was 13.7%.

Revenue from **gloves** accounted for 16.7% of total revenue and totaled THB 4,911.8 million, decreasing 54.5% YoY and 23.4% QoQ because of lower ASP. Sales volume was 6,381 million pieces. Gross profit margin for gloves was 11.2%.

We recorded a net profit of THB 1,155.9 million or THB 0.75 per share in 3Q22, with a gross profit margin of 13.3% and a net profit margin of 3.9%.

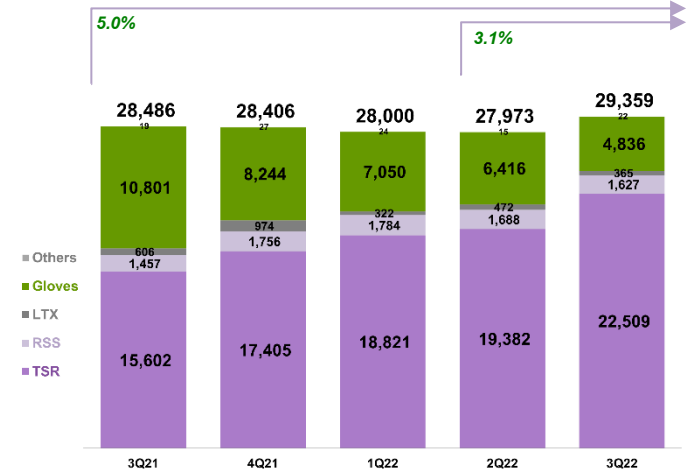
Key Financial Ratios

	3Q22	3Q21	2Q22	FY21
Gross profit margin	13.3%	28.6%	15.2%	32.2%
Adjusted gross profit margin**	15.7%	26.7%	15.9%	32.7%
EBITDA margin	8.2%	23.5%	9.7%	27.4%
Net profit margin	3.9%	11.3%	4.1%	13.4%
Current ratio (times)	3.76	2.38	3.08	2.20
Net D/E ratio (times)	0.35	0.22	0.40	0.41
Fixed asset turnover (times)*	2.54	3.63	2.63	3.41
Inventory turnover (days)*	102	106	115	115
Collection period (days)*	25	25	27	26
Payment Period (days)*	8	8	5	7

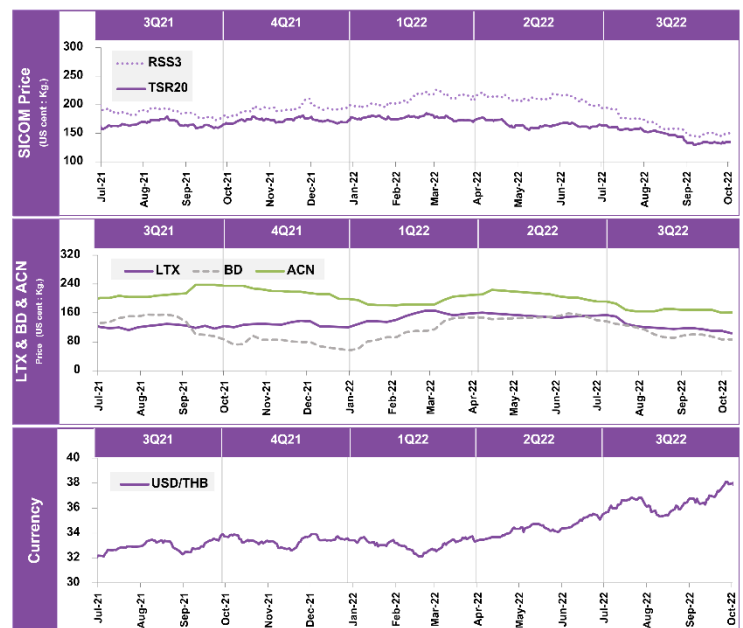
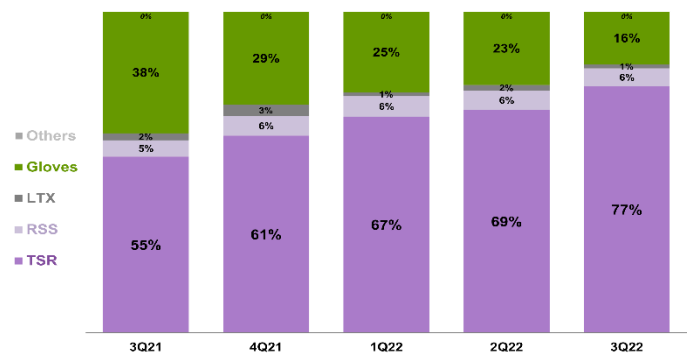
Note: * Annualised

** Adjusting for (reversal) allowance of inventory cost and realised items from hedging

Revenues by Product (THB million)



Revenues Breakdown by Product



ABBREVIATIONS
RSS: Ribbed smoked sheet
LTX: Concentrated Latex
TSR: Technically specified rubber, which includes SIR and SIR-BD
BD: Bussing
ACN: Acrylonitrile



Statements of Comprehensive Income

(Unit : THB million)	3Q22	3Q21	%YoY	2Q22	%QoQ	9M22	9M21	%YoY
Revenue from sales of goods and services	29,359.0	28,486.1	3.1%	27,973.1	5.0%	85,331.9	89,869.2	-5.0%
Cost of sales and services	(25,465.9)	(20,331.8)	25.3%	(23,731.1)	7.3%	(72,670.6)	(57,211.6)	27.0%
Gross profit (loss)	3,893.1	8,154.2	-52.3%	4,242.0	-8.2%	12,661.3	32,657.7	-61.2%
SG&A	(2,780.1)	(2,014.8)	38.0%	(2,595.3)	7.1%	(7,761.8)	(5,330.7)	45.6%
Other income and dividend income	131.3	259.0	-49.3%	96.5	36.1%	271.7	365.7	-25.7%
Gains (loss) on exchange rate, net	256.5	189.7	35.2%	85.7	199.4%	391.3	692.24	-43.5%
Other gains (loss)	20.6	(714.6)	-102.9%	29.7	-30.5%	159.8	(1,932.50)	-108.3%
Operating profit (loss)	1,521.4	5,873.6	-74.1%	1,858.6	-18.1%	5,722.3	26,452.4	-78.4%
Share of profit (loss) from investments in JV	85.4	68.3	25.1%	81.4	4.9%	220.7	173.74	27.0%
EBITDA	2,419.2	6,691.5	-63.8%	2,713.7	-10.9%	8,281.4	28,860.9	-71.3%
EBIT	1,606.8	5,941.8	-73.0%	1,940.0	-17.2%	5,943.0	26,626.2	-77.7%
Finance income	36.9	28.2	30.8%	28.5	29.4%	95.7	82.65	15.7%
Finance cost	(343.0)	(213.5)	60.6%	(298.3)	15.0%	(863.5)	(599.8)	44.0%
Income tax (expense)	(154.0)	(569.4)	-73.0%	(261.0)	-41.0%	(640.3)	(2,351.8)	-72.8%
Net Profit (loss) for the periods	1,146.7	5,187.1	-77.9%	1,409.2	-18.6%	4,534.9	23,757.2	-80.9%
Attributed to owners of the parent	1,155.9	3,230.8	-64.2%	1,142.1	1.2%	3,807.0	14,233.0	-73.3%
Attributed to non-controlling interests	(9.2)	1,956.4	-100.5%	267.1	-103.4%	727.9	9,524.2	-92.4%

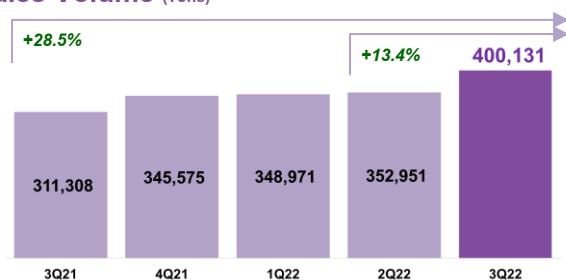
Total revenue from products and services in 3Q22 was THB 29,359.0 million, increasing 3.1% YoY and 5.0% QoQ. Revenue from NR products accounted for 89.3% of total revenue and rose 47.9% YoY and 17.2% QoQ to THB 26,205.8 million, driven by both the higher ASP and sales volume that increased alongside our production capacity. Revenue from gloves accounted for 16.7% of total revenue and declined 54.5% YoY and 23.4% QoQ to THB 4,911.8 million as a result of a decline in ASP and sales volume. Revenue from other products and services came in at THB 22.1 million.

Sales volume for NR products totaled 400,131 tons, growing 28.5% YoY and 13.4% QoQ. The growth in sales volume was led by TSR, buoyed by a pickup in demand from the tire industry and a less competitive landscape that has served to reinforce our position and credibility among customers. Utilization rate in 3Q22 was 70%.

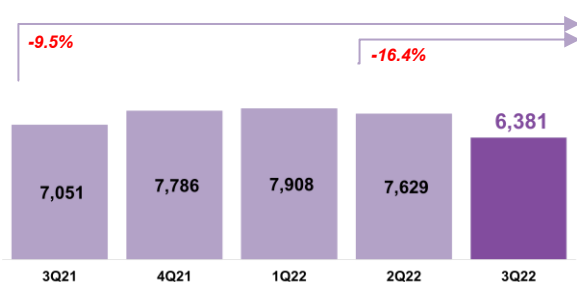
Geographically, China accounted for 51.3% of total sales volume, followed by other countries in Asia at 17.9% of total sales volume. Thailand made up 12.5% of total sales volume. The Americas and Europe contributed 11.0% and 6.9% of total sales volume, respectively.

Sales volume for gloves was 6,381 million pieces, decreasing 9.5% YoY and 16.4% QoQ, as the global market has had to contend with an oversupply that resulted from the substantial capacity expansion by glove producers and a slowdown in demand as a result of overstocking during the height of COVID-19, a situation that is expected to persist for some time. Utilization rate in 3Q22 was 46.4%. The proportion of sales revenue from latex gloves increased as we continue to emphasize our focus on latex gloves. The proportion of sales revenue between latex and nitrile gloves in 3Q22 was 75:25. Geographically, Asia accounted for 42.0% of total sales volume, followed by North America at 19.3%. Latin America and Europe contributed 17.1% and 12.4% of sales volume, respectively. Africa and the Middle East made up 4.9% and 3.4% of sales volume, respectively. Other regions accounted for 0.8% of total sales volume.

NR Sales Volume (Tons)



Glove Sales Volume (million pieces)



Revenue by Product (THB million)

	3Q22	3Q21	% YoY	2Q22	% QoQ
TSR*	22,509.3	15,602.3	44.3%	19,381.9	16.1%
%	76.7%	54.8%		69.3%	
Gloves	4,836.2	10,801.3	-55.2%	6,416.0	-24.6%
%	16.5%	37.9%		22.9%	
RSS	1,626.6	1,456.9	11.6%	1,688.0	-3.6%
%	5.5%	5.1%		6.0%	
LTX	364.9	606.4	-39.8%	472.1	-22.7%
%	1.2%	2.1%		1.7%	
Other**	22.1	19.1	15.5%	15.0	47.5%
%	0.1%	0.1%		0.1%	
Total	29,359.0	28,486.1	3.1%	27,973.1	5.0%

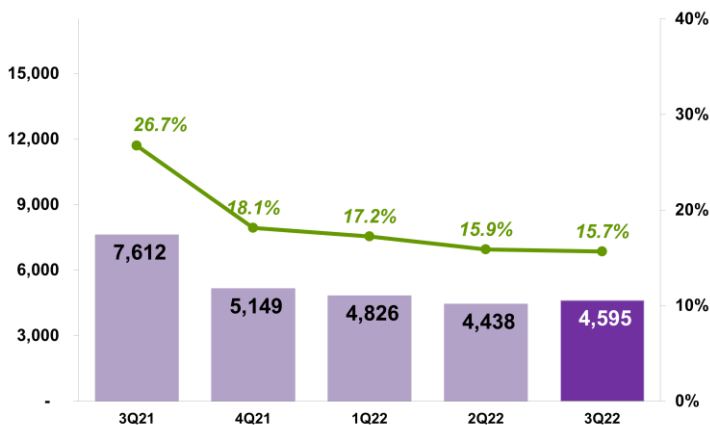
Note*: net revenue in accordance with hedge accounting

* The inter-group sale of LTX increased. As it is related party transaction, it is not included in consolidated financial statements

** Comprised revenue from (i) the sale of rubber wood and wood packing product and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other third parties.

Gross profit in 3Q22 was THB 3,893.1 million, decreasing 52.3% YoY and 8.2% QoQ because the ASP and sales volume of gloves were lower as a result of increasing supply in the market. Gross profit from NR products significantly increased 39.3% YoY and 19.6% QoQ on the back of both higher sales volume and ASP, as gross profit margin for NR products improved to 13.7%, from 13.0% in 2Q22 and 13.6% in 3Q21. Taking account of the reversal of inventory allowance in the amount of THB 352.7 million and realized gains from NR hedging transactions of THB 349.5 million, our adjusted gross profit margin in 3Q22 would be 15.7%, down from 15.9% in 2Q22 and 26.7% in 3Q21.

Adjusted GP and GPM* (Unit: THB million)



Note: *Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

Operating profit in 3Q22 was THB 1,521.4 million and operating profit margin was 5.2%, decreasing from THB 5,873.6 million in 3Q21 and THB 1,858.6 million in 2Q22 because of the lower profitability of our glove business. We also recorded THB 256.5 million in currency exchange gains in the normal course of business and THB 20.6 million in gains from currency and NR hedging transactions.

SG&A came in at THB 2,780.1 million, increasing 38.0% YoY because of higher selling expenses from higher freight costs and higher CESS that rose alongside export volume. SG&A increased 7.1% QoQ from tax expenses of overseas subsidiaries and travel expenses following the ending of travel restrictions. We also recorded THB 129.6 million in other income from interest reimbursements from the Rubber Authority of Thailand. At the end of 3Q22, we had THB 441.1 million in gains from the net realizable value of inventory*.

*Note: Inventory of TSR, RSS and LTX is stated at lower of cost or net realizable value. Under the Thai Financial Reporting Standards, inventory gains or losses cannot be recognized until the time of actual sale. The value of inventory varies over time, until it is stated at the actual selling price at the time of sale.

Share of profits from investment in associates and joint ventures

in 3Q22 was THB 85.4 million, growing 25.1% YoY and 4.9% QoQ on the back increased profits of both the NR and hydraulic hoses joint ventures.

Net profit in 3Q22 was THB 1,155.9 million, decreasing 64.2% YoY and 1.2% QoQ because of a drop in the ASP of gloves. Net profit margin was 3.9%. Our NR business continued its high level of profitability with a growth in purchase orders. For 9M22, the issuance of debenture for the purchase of raw materials and capacity expansion and effective interest rate that went up alongside the global trend caused our finance costs to increase 60.6% YoY and 15.0% QoQ to THB 343.0 million.

Business Strategy

Our NR business, which has shown robust profitability, continues to be the driving force behind the revenue and profit of Sri Trang Group. We also continue to gain market share, as reflected in the utilization rate of over 70% for our TRS facilities in Thailand, driven by demand from non-Chinese tire producers, which traditionally preferred NR from Indonesia, whereas the north and northeast of Thailand has been providing increasing supply since 2011. To minimize costs in the interregional transportation of raw materials, we have decided to expand our TSR production capacity at the plants in Pitsanulok, Leoy, Chiangrai in the north, in Bungkarn, Sakon Nakorn, Kalasin, Busiram, Srakaew, Mukdaham in the northeast, and in Trang and Narathiwat in the south, an undertaking that will require THB 9,100 million in capital expenditure and is expected to be gradually completed in 2022-2024. The source of funding will be retained profits and the issuance of debenture as we can access the sources of funds with a more favorable interest rate.



Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from TSR accounted for 82.5% of total revenue and rose 54.7% YoY and 19.9% QoQ.

The YoY and QoQ growth in revenue was driven by the ASP that rose 14.9% YoY and 3.8% QoQ and sales volume that increased 34.6% YoY and 15.5% QoQ alongside our production capacity as we continued to gain market share, particularly among non-Chinese tire producers, while NR supply from Indonesia continued to dwindle.

As a result, our gross profit margin for TSR was higher than in 2Q22 and 3Q21.



Gloves

Revenue from gloves accounted for 16.7% of total revenue and decreased 54.5% YoY and 23.4% QoQ.

The YoY and QoQ decline in revenue resulted from the ASP that dropped 49.7% YoY and 8.5% QoQ as a result of increasing supply in the market, which led to heightened competition. At the same time, sales volume decreased 9.5% YoY and 16.4% QoQ as global demand started to normalize.

Prices of NR latex dropped 15.4% QoQ and 6.1% YoY, while prices of NBR latex increased 1.3% QoQ but dropped 46.3% YoY. Being able to source NR latex from within the Group afforded us a competitive advantage in production of NR gloves. However, the drop in ASP had an impact on gross profit margin, which was lower than in 2Q22 and 3Q21.



Ribbed Smoked Sheet (RSS)

Revenue from RSS accounted for 5.5% of total revenue and grew 11.6% YoY but decreased 3.6% QoQ.

The YoY growth in revenue was driven by sales volume that rose 6.3% and the ASP that increased 5.0% because of the depreciation of THB.

The QoQ decrease in revenue resulted from sales volume that declined 4.1% while the ASP slightly increased 0.5%.

Gross profit margin for RSS was lower than in 2Q22 and 3Q21.



Concentrated Latex (LTX)

Revenue from LTX accounted for 1.2% of total revenue and dropped 39.8% YoY and 22.7% QoQ.

The YoY and QoQ decline in revenue resulted from sales volume that dropped 48.0% YoY and 15.0% QoQ. At the same time, the ASP rose 15.7% YoY but dropped 9.1% QoQ.

Gross profit margin for LTX was slightly lower than in 2Q22 but higher than in 3Q21.

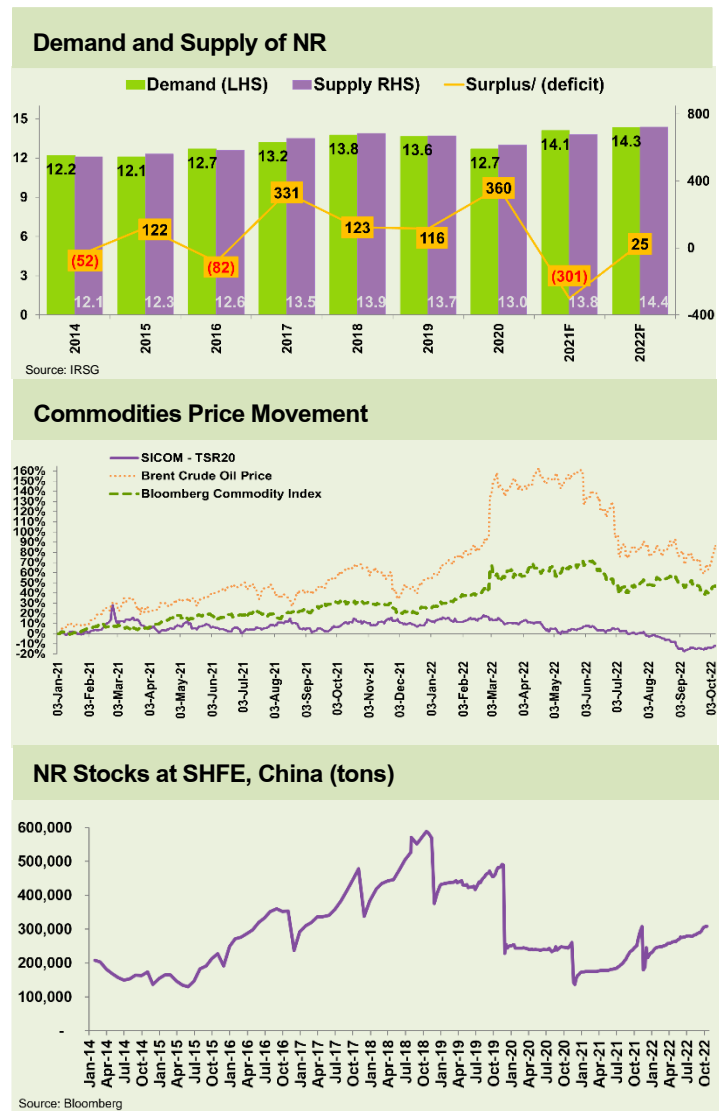


Natural Rubber Industry Outlook

In 3Q22, the global economic concerns and a policy of higher interest rate to control inflation in many countries and the zero-COVID policy that limited economic activities in China caused NR prices to trend down. In addition, the global container and shipping congestion in early 2022 led tire manufacturers to stock up on NR to avoid a possible shipment delay. In 3Q22, as the freight situation started to return to normalcy and with signs of an economic slowdown, demand from tire manufacturers started to soften as they were still left with the stock from earlier in the year, leading NR prices to go down. The average price of TSR20 on SICOM in 3Q22 was 146.7 cent/kg, decreasing 11.3% QoQ and 11.6% YoY.

On the supply side, 3Q of every year normally coincides with a wintering period in Indonesia. However, Indonesia did not have a peak harvest season in 2022, a long-term impact from the fungal disease in late 2018. Supply from the country is also expected to go down even further in the future. On the contrary, in Thailand, the northeastern region did go through a wintering period at all while in the southern region, the wintering period only lasted until mid-April as a result of high rainfall level. Supply from Thailand still continue its usual level in 3Q22 and is expected to increase in 4Q22, which normally coincides with a peak harvest season.

NR prices is expected to continue its downtrend in 4Q22 as Thailand enters the peak harvest season and with the global economy facing a downturn. 4Q is also normally a period when the tire industry goes through a production slowdown before production gets ramped up again in the new year because customers pay attention to the year of production. In addition, rainfall level is another factor that will affect NR supply because while rubber trees yield good supply with sufficient rainfall, excessive rainfall would prevent rubber farmers from being able to tap the trees. We also need to monitor developments in China as they would have an impact on NR prices. NR stock on the Shanghai Futures Exchange (SHFE) at the end of September 2022 was at 306,000 tons, increasing from 279,000 tons at the end of June. The stock continued to increase to 313,000 tons at the end of October 2022.

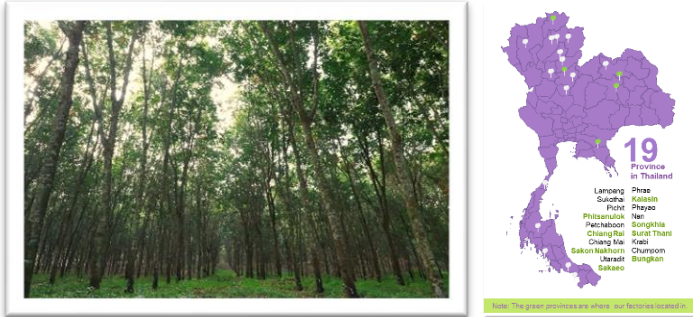


Expansion Progress throughout the Supply Chain

Upstream Business – about 7,200 hectares of rubber plantations

As of 30 September 2022, we had approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. We estimate that in 2022, the rubber trees that can be tapped will account for around 66% of total rubber trees, up from 58% in 2021.

We have received Forest Management Certification and Chain-of-Custody Certification from the Forest Stewardship Council (FSC), making us the world's first fully integrated NR producer to be recognized by the FSC throughout the supply chain.



Midstream Business – maintaining profitability and moving toward “STA 20”

As of 31 September 2022, our 35 NR processing plants (30 in Thailand, 3 in Indonesia, and 1 in Myanmar) provided 3.18 million tons per annum in installed production capacity. In 2021, we had a market share of 10% of global NR consumption. We plan to expand our production capacity for TSR by 1.32 million tons with the installation of new machines at our processing facilities in the northeast, north and south, which will require THB 8,800 million in capital expenditure and will gradually be completed by 2024. We will also expand our production capacity for LTX with new facilities in Bungkarn and Narathiwat and with the installation of new machines at the facility in Surat Thani, which will require THB 1,335 million. With the capacity expansion, our annual installed production capacity will reach 4.24 million tons in 2024.

We also plan to introduce more automation to the production process in order to improve efficiency, reduce energy consumption and become more environmentally friendly. We have launched the application “Sri Trang Friends” to facilitate raw material procurement in Thailand and to reduce costs.

Downstream Business – reaching an annual production capacity of 48 billion pieces by 2022 and 46 billion pieces by 2024

Sri Trang Gloves (Thailand) Public Company Limited (“STGT”), a flagship company of Sri Trang Group, in which STA has 56.0% in direct and indirect shareholding, engages in the production and distribution of latex and nitrile examination and industrial gloves to customers in over 170 countries around the world. STGT has offices in Thailand, China, the US, Singapore, Indonesia and Vietnam and is Thailand's largest glove producer and ranked among the world's leading producers. In 2021, STGT had a market share of 7% of global glove consumption.

STGT has revised the plan to meet an annual production capacity of 48 billion pieces by 2022 and 56 billion pieces by 2024, with newly expanded production lines in Trang (TG), Songkla (ANV) and Chumporn (CP) having been commissioned in 3Q22.

